

QUEENS CENTER MALL

A POVERTY WAGE CENTER IN ELMHURST





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A report prepared by the Retail, Wholesale and Department Store Union
and Make the Road New York

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QUEENS CENTER MALL OVERVIEW

Elmhurst, Queens, is a bustling neighborhood, one of the most ethnically diverse in New York City. Throughout the day, Elmhurst is teeming with kids playing and walking to and from school, and people hanging out, talking, and shopping at the numerous stores that line the neighborhood's main streets.

Standing above it all, at one of the busiest intersections in Queens, is the massive Queens Center Mall, situated at the intersection of Queens Boulevard and Woodhaven Boulevard. Originally built in 1973 over the ruins of a children's amusement park called Fairyland, the mall prospered, with its growth culminating in a massive expansion between 2002 and 2004. The \$275 million expansion doubled the size of the mall, resulting in a site with 961,559 gross leaseable square feet and 175 stores.

The current owner of the mall is Macerich, one of the country's largest owners of malls. The company owns 95 malls in the U.S., and bought the mall in 1995.

The Queens Center Mall is among the most profitable malls in the entire country. In 2008, the mall had sales of \$876 per square foot. The mall's location, ample parking, and accessibility via the buses and subway trains that converge there generate foot traffic of over 26 million visitors annually.

J.C. Penney and Macy's are the mall's largest "anchor" stores, with both posting increasing annual profits before the economic downturn.

TAX ABATEMENTS FUEL GROWTH

The growth of Queens Center Mall and the Macerich company has been aided by property tax abatements that have cost the city of New York tens of millions of dollars. Under the Industrial & Commercial Incentive Program, which recently became the Industrial & Commercial Abatement Program, the Queens Center Mall property saved over \$48 million in property taxes between 2004 and 2009. It is predicted that total reductions of tax bills due to ICIP and ICAP exemptions between 2004 and 2019 at Queens Center Mall will exceed \$129 million.*

These tax breaks have helped Macerich's bottom line, with sales increasing from \$623 per square foot at the time of the 1995 purchase to \$876 per square foot in 2008. Whether in boom times or an economic recession, Queens Center Mall remains one of the most profitable malls per square foot in the entire country.

**Because future tax rates have yet to be determined, this estimated predicted tax savings utilizes a 15-year averaged tax rate of the class 4 tax rates from 1994/1995 through and including 2008/2009 for tax years going forward.*

MASS TRANSIT

Besides tax breaks and its location at one of Queens's busiest intersections, Queens Center Mall owes much of its success to New York City-run public transit. The mall is served by three New York City subway lines and 10 bus routes.

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COMMUNITY DISSERVICE

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What has the community of Elmhurst, Queens, and New York City gotten for its millions of dollars in tax breaks? Not much, according to local residents and employees working at Queens Center Mall.

A POVERTY WAGE CENTER

While foot traffic, sales, and profits are sky high at Queens Center Mall, wages paid at the stores at the mall for working people in the community are very low, and in some past cases, were so low they violated the law. There are about 3,100 jobs at the mall. The vast majority of the jobs are for retail workers, with a smaller number of people employed as security and mall maintenance.

A survey conducted at various stores at Queens Center Mall found that there are few full-time jobs and most jobs paid at or slightly above the \$7.25 federal minimum wage. The average starting wage at the 25 Queens Center Mall stores studied was \$7.72 cents per hour. One store, the Ranch 1 restaurant, was offering new hires \$6.75 an hour, a violation of New York labor law. Footco USA and Yellow Rat Bastard, both of whom have or have had stores at Queens Center Mall, were revealed in the past to be paying illegal poverty wages before their workers unionized and joined the Retail, Wholesale and Department Store Union. Moreover, very few of the jobs available are full-time.

According to interviews with workers at Queens Center Mall, their pay is not enough to live on in Elmhurst, Queens.

Juan Carlos Cucalon, 28, who recently worked as a cashier at Victoria's Secret at the mall, said he was paid \$8.25 an hour and brought home only about \$600 a month after taxes.

"I had a small room in Elmhurst that cost \$400 a month. On the pay I received, life was a struggle just to get by. I had very little money left over after my rent was paid," Cucalon said.

While Cucalon struggled to pay the rent on his small room with his Queens Center Mall pay, rent for housing for an entire family would be virtually impossible. According to real estate brokers in Queens, an average one bedroom apartment in Elmhurst rents for \$1000-\$1500 a month, with a single family house renting for \$1900-\$2400 a month.

"They never gave anybody there a raise, we never seemed to get enough hours, and people would leave because they were frustrated. It seemed like they'd rather just hire new people at starting pay than reward good work," Cucalon added.



JUAN CARLOS CUCALON

Angeles, 21, worked at Express clothing store at the mall for six months in 2008. Angeles, a college student living at home, struggled to pay tuition and meet expenses.

"I was being paid \$8.25 an hour, and earning around \$600 a month," Angeles pointed out. "It was hard to pay my tuition on that salary."

"There was a lot of turnover there; it didn't seem like management was interested in having anybody stick around and get raises. If anybody spoke up or complained about anything, their hours would get cut. I run into people that I used to work with, and none of them work there anymore," Angeles added.

Saa'datu Sani worked at JCPenny between 1999 and 2007. After working there for eight years, her pay had risen to only \$8.47 an hour.

"Even as a student living with my parents, I never had enough money, and I worked there for eight years! Many of my co-workers were struggling to support their families on that kind of pay, and I felt sorry for them."

"One of the worst things was a complete lack of affordable benefits, whether you worked full or part time," Sani pointed out.

Supporting a family on Queens Center Mall tenant store wages is virtually impossible, according to a retail worker at the mall who wishes to remain unidentified, fearing retribution from his employer.

"It's a struggle to support my family, even with my wife working," the retail employee said. "I take home around \$1,000 a month, and with a daughter in college, it is a struggle to get by. After rent, car insurance, gas, and putting food on the table, I'm always broke."

The low pay has forced the employee to seek additional work.

"When I can I take work at a friend's auto body shop. Working two jobs means big sacrifices, I hardly get to spend any time with my family," the worker pointed out.

Like other workers interviewed at Queens Center Mall, the retail store worker speaks of stagnant pay and no benefits.

"I'm full time, but haven't seen a raise in over two years. There are no benefits," the worker added.

DRAIN ON PUBLIC RESOURCES

The stories of workers at Queens Center Mall stores show that the mall has helped create an entire community that is struggling under the weight of poverty wage jobs. When workers try to organize unions at the stores at Queens Center Mall to help combat their low pay and lack of benefits, they face fierce opposition from their employers.

Poverty wages at the stores at Queens Center Mall doesn't just hit the wallets of the workers there. Many of them are forced to seek public assistance to make up for the lack of pay and benefits at their jobs.



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COMMUNITY DISSERVICE

Taxpayers are giving millions of dollars to Queens Center Mall in tax abatements, and then footing the bill for the lack of pay and benefits provided to workers at the stores there when they are forced to seek out public assistance.

According to a report by the Fiscal Policy Institute, it is estimated that families of New York workers in retail (including food stores) received the largest share of annual public benefits (including Medicaid, food stamps, EITC) relative to all major sectors in the economy. Retail workers tied with health services workers for highest percentage of the total cost of public support, at a cost of \$851 million annually.

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A "POWERFUL DISTRACTION" FOR QUEENS YOUTH

Besides the low pay, community leaders have seen additional consequences of Queens Center Mall's high profile in the area. Elmhurst area youth have become distracted from education and extracurricular activities by the mall.

Annetta Seecharran, former executive director of South Asian Youth Action, a Queens community group, saw enrollment in SAYA programs decrease as potential students took low-paying jobs there to pay for items sold at the mall, or go there simply to waste time that could be more constructively spent.

"At SAYA, we have seen Queens Center Mall have a profoundly negative influence on young people in our community. As soon as the mall re-opened after its recent expansion, we saw a drop in our enrollment in our academic enrichment and youth development programs," Seecharran said.

Seecharran points out that the Queens Center Mall stores' dead end, low-paying jobs send a message to the area's youth that hard work does not really pay off, and that the jobs there do nothing to help address the problems faced by Queens' young adults.

"All of the research in recent years about youth development points to one conclusion: Quality job opportunities combined with training and support for young people is what makes the difference. If we truly want to tackle New York City's problems with high drop-out rates, teen pregnancy and juvenile crime, we have to start paying attention to job opportunities for youth," Seecharran said.

"The mall could be so much more to the community. It could be a means for young adults to support themselves through college. It could be a place where young people learn the value of hard work, and job skills to advance in the future. Currently, the mall surrounds young people with designer labels they can't afford and serves as a powerful distraction from their school work or other pursuits like sports, art or music," Seecharran added.



A BROKEN COMMITMENT TO PROVIDE COMMUNITY SPACE

A lack of safe, clean public space in Queens has resulted in Queens Center Mall's development into a de-facto public space, much like the old amusement park that once stood on the property. The mall now serves as a hangout after school and on the weekends. However, it is currently a space that offers little more than shopping and junk foods.

"There is Flushing Park, and there is the mall, and we prefer to hang out at the mall," said Jessica Garcia, 17, of Elmhurst. "Our school is a box without windows or a yard, and there's nothing nearby but a gas station. So, we go to the mall."

Students will spend hours at the mall, especially if they have time to kill between class and after-school activities.

"We'll hang out at the food court, sometimes for five or six hours. As long as we buy a drink or fries or something they'll let us hang out," Garcia added.

According to Olga Reyes, 16, who is also entering her senior year at the High School for Arts and Business, if there were public areas for Elmhurst youth at their mall, she would use it.

"My friends and I would definitely use public areas if they were available. It would be great if there were study rooms or space for after-school activities that are better than what we have at the school," Reyes said.

"Now, it's just hanging out at the food court all the time, or trying on clothes we can't afford to buy at the retailers," Reyes added.

One of the few nonprofit "community" spaces at Queens Center Mall is the "Discover Queens" visitor center. The visitor's center, which opened to much fanfare in 2007, was declared by Queens Borough President Helen Marshall as a place where shoppers can find out about 14 Queens-based not-for-profit organizations, and that "Additional organizations are welcome to participate." She also said that "plans also call for future workshops to be available within the center."

In reality, the space is actually a small room that can only be entered when an attendant is on duty, and it contains no meeting space for workshops, only pamphlets for various tourist attractions around Queens.



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VISITOR'S CENTER

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A representative of the community group Make the Road New York, met with a representative at the Queens Economic Development Office in June, 2009, to discuss placing materials in the visitor's center about valuable community programs including ESL classes and job training. She was told that the managers of the Queens Visitor Center were interested in material about one thing: tourism.

“Our representative was told that unless it was focused on tourism, our organization wasn't allowed to put in any brochures or flyers. And I was told that if an organization wanted to hold any kind of meetings at the space, they could only be about tourism programs. She said that this was the agreement they had with the mall owners,” said Supervising Organizer Irene Tung.

“We were told that at one time there was a broader range of material available at the site, such as a Haitian advocacy group's brochures, but that management has been much stricter as of late and was enforcing a tourism-only policy,” Tung added.

According to Mary Abbate, Assistant Executive Director of Community Programs at Queens Community House, the a lack of usable space has proven an obstacle to her organization in providing important training and education classes for Queens residents of all ages.

“Space in Queens is extremely expensive. Recently a City agency approached us about housing a program to provide financial counseling services. We were unable to take on the program simply because we don't have the space in our offices. If the Mall provided low-cost space for community services, it would allow us to serve many more people,” Abbate said.

Abbate points out that the mall would be an ideal location for the services Queens Community House provides.

“The mall is the most recognizable space in the community and the best place to provide services to the community. There is no other place that so many people in Queens go to on a regular basis. Everyone knows where it is. All of the trains and buses go there,” Abbate said.

“If the reason that we gave the mall tax breaks is for them to provide jobs to the community, we have to ask what kinds of jobs those are, and whether or not there is any kind of ladder of opportunity for people to advance. In Queens, there is a huge need for workforce development programs. We provide these services, but the programs are extremely under-resourced. If the mall could provide space for us to provide job placement and job counseling services, it would greatly increase the number of people who could access our services,” Abbate added.

RECOMMENDATIONS

Local tax breaks, a local workforce, and local consumer spending have helped the Queens Center Mall become one of the most profitable malls in the country.

The mall, however, is more than just a profitable bottom line for Macerich and the stores within the massive structure. It is a public space for the community, and owes its success to the community.

The mall also owes something more to the Queens neighborhood that helps it flourish: changes that would help make Macerich a good corporate citizen, and allow Queens Center Mall to realize its potential as a true community space.

1 LIVING WAGE JOBS WITH BENEFITS

Macerich needs to live up to its responsibilities to the community and its workers by implementing standards for pay, benefits, and working conditions at its tenant stores. Macerich must include requirements in its lease agreements stipulating that tenants must provide living wages and benefits to their employees, just as their leases currently require a number of things, including that tenants carry worker compensation insurance for employees. Paying living wages, such as the \$10 hourly wage with benefits or \$11.50 without benefits that New York City requires for its contracted employees, would at least be a good start toward changing the mall from a poverty wage center to a responsible center of employment in Queens.

Changing Queens Center Mall from a poverty wage center to a source of good jobs means more than just a higher standard of living for those in the community. Living wage jobs will mean children are not left unsupervised. Parents can focus on making sure their children aren't falling behind in school or spending their time on the streets.

2 SERVICES FOR THE SURROUNDING COMMUNITY

Queens Center Mall is located near schools and one of the busiest intersections in the borough and serves as a public space for residents in the area.

As such, it is important that Queens Center Mall provides useful and defined public spaces for the community, in the form of recreational areas and space that can be used by community groups for meetings and events. Community group access to the mall could provide important services for residents, such as ESL classes and job training.

In addition, Queens Center Mall offers unique opportunities for youth development that are not being taken advantage of. Currently, it offers young people in the area little more than low wage jobs and stores they can't afford to shop at. The mall should give back to young people in the community by offering space for job training and job placement services. A number of community groups offer these services and would be eager to use the space if it were available.

Paying living wages would at least be a good start toward changing the mall from a poverty wage center to a responsible center of employment in Queens.



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CONNIE VARNER



3 RESPECT FOR WORKERS' RIGHT TO ORGANIZE A UNION

It's no surprise that the best jobs to be had at Queens Center Mall are union jobs, like Macy's where the average wage is over \$1 higher than at other stores surveyed at the mall. But employer interference has prevented unions from gaining a strong foothold at Queens Center Mall. As a result, most of the stores in the mall are nonunion, resulting in poverty wages throughout the mall and difficulty at the bargaining table for the few union stores.

According to Connie Varner, who has worked 20 years for Macy's, being a member of a union gives her an advantage in wages and working conditions that other workers at Queens Center Mall don't have.

“Through the union, I have guaranteed raises, protected commission rates, and benefits for me and my family. Most of all, I can speak up and be heard. The union voice gives me respect,” Varner points out.

Workers at the stores at Queens Center Mall need the voice in the workplace that union membership would give them, and there's no reason why they shouldn't be allowed, on their own time, to speak with union organizers in public spaces at the mall. It should be required through lease agreements that the stores at Queens Center Mall remain neutral during union organizing drives, so that workers can decide on their own if they want a union voice without intimidation or fear of reprisals from their employers.

Unions have proven to be the best anti-poverty solution for workers in America, and would help make Queens Center Mall the true center of community growth that it has the potential to be.

Queens Center Mall continues to flourish, while avoiding standards for the workforce in their tenant stores and benefiting from millions of dollars in tax breaks and the city run public transit system. But the workers and the community are being left behind. It's time for Macerich to give back to those responsible for its success at Queens Center Mall.

ENDORSEMENTS

These organizations have endorsed the campaign for more accountability to the community from the Queens Center Mall:

Adhikaar for Human Rights & Social Justice

Chhaya CDC

Church of St. Paul and St. Andrew, UMC

Community Voices Heard

Damayan Migrants Workers Association

Drum Desis Rising Up & Moving Up

Good Jobs New York

Jews for Racial and Economic Justice

Jobs with justice New York

Judson Memorial Church

KCS Korean Community Services of Metropolitan NY

Maura Clarke-Ita Ford Center (MCIF)

Mothers on the Move

NEDAP Neighborhood Economic Development Advocacy Project

Neighborhood Economic Development Advocacy Project

NICE New Immigrant Community Empowerment

Queens Community House

Restaurant Opportunities Center of New York

Saya South Asian Youth Action

Urban Justice Center

Working Families Party

YKASEC Empowering The Korean American Community



